

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
STR-06 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 SOE-02
OMB-01 DOE-11 AF-10 ARA-10 NEA-10 /154 W
-----128262 250432Z /65

R 241836Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4759
USDOC WASHDC
INFO AMEMBASSY TOKYO
USMISSION GENEVA
AMEMBASSY BRUSSELS

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FOR COMMERCE ASSISTANT SECRETARY WEIL, BIEPR/PTP

USEEC ALSO FOR MISSION

USMTN

C O R R E C T E D C O P Y (E.O. TAGS: SUBJECT: ADDED)

E.O. 11652: N/A
TAGS: OVIP, (WEIL, FRANK), FR
SUBJECT: VISIT TO PARIS OF ASSISTANT SECRETARY OF
COMMERCE FRANK WEIL

REF: (A) STATE 306721: (B) PARIS 01912: (C) PARIS 01935

1. SUMMARY: DURING HIS JANUARY 19-22 VISIT TO
FRANCE, ASSISTANT SECRETARY WEIL HAD A SERIES OF WIDE-
RANGING AND USEFUL MEETINGS WITH HIGH-LEVEL GOF AND
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OECD OFFICIALS (SEE REFTEL C FOR OECD PORTION).
DISCUSSIONS WITH THE FRENCH CENTERED ON THE RECENT US -
JAPAN TALKS, THE MTN, EXPORT CREDITS (SEE REFTEL B),
STEEL, "ORGANIZED FREE TRADE," AND FRENCH INDUSTRIAL
POLICY. MR. WEIL ALSO GAVE A WELL RECEIVED TALK AT
THE AMERICAN CLUB OF PARIS AND WAS THE GUEST OF HONOR
AT A LUNCHEON OFFERED BY THE FRENCH PATRONAT.

END SUMMARY.

2. DURING HIS MEETING WITH GUY CARON DE LA CARRIERE, ACTING DIRECTOR OF EXTERNAL RELATIONS AT THE FOREIGN TRADE MINISTRY, IN ADDITION TO RAISING QUESTIONS ON EXPORT CREDITS, THE FOLLOWING SUBJECTS WERE DISCUSSED.

-- JAPAN: MR. WEIL MENTIONED THE OUTCOME OF HIS RECENT VISIT TO JAPAN WITH AMBASSADOR ROBERT STRAUSS INDICATING THAT HE BELIEVED THE JAPANESE WERE SERIOUS THIS TIME ABOUT INCREASING THEIR RATE OF GROWTH AND OPENING THEIR MARKET TO FOREIGN SUPPLIERS. HE DESCRIBED THE VARIOUS MEANS THEY WOULD USE TO ACHIEVE THIS, EMPHASIZING THAT JAPAN'S TRADING PARTNERS (BUSINESS AND GOVERNMENT) MUST NOW WORK TO REALIZE THE POTENTIAL GAINS THAT EXIST. CARON DE LA CARRIERE EXPRESSED THE IMPORTANCE TO FRANCE THAT THE JAPANESE MARKET BE OPENED TO ALL COUNTRIES, AND THE LACK OF FRENCH INTEREST IN THE ADVANCE TARIFF CUTS ANNOUNCED BY THE JAPANESE IN DECEMBER.

-- MTN: THE FRENCH STRESSED THEIR CONCERN OVER NON-TARIFF ISSUES, ESPECIALLY CUSTOMS VALUATION AND SAFEGUARDS, WHILE STATING THAT STANDARDS AND GOVERNMENT PROCUREMENT SHOULD NOT PROVE TOO DIFFICULT. THEY NOTED THAT DESPITE THE STRESS BEING PUT ON NON-TARIFF LIMITED OFFICIAL USE

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BARRIERS, THE ONLY CONCRETE PROGRESS SO FAR SEEMED TO BE IN THE TARIFF AREA. THEY POINTED OUT THE DIFFICULTIES ON THE SUBSIDY-COUNTERVAILING ISSUE, EXPRESSING THE VIEW THAT THE OLD GATT RULES WERE ADEQUATE, BUT THAT PROCEDURES SHOULD BE IMPROVED. MR. WEIL STATED THAT THE PRESS HAD BEEN PLAYING UP THE TARIFF ASPECT OF THE TOKYO ROUND; HOWEVER, IF THE TALKS DID NOT ADDRESS THEMSELVES EFFECTIVELY TO NON-TARIFF BARRIERS, THEY WOULD BE SEEN AS A FAILURE. THE U.S. ALSO HAD A MAJOR INTEREST IN PROGRESS ON THE LATTER.

-- STEEL: THE DISCUSSION CENTERED ON THE QUESTION OF PRICING, WITH MR. WEIL DESCRIBING THE NEED FOR A STANDARDIZATION OF COST ELEMENTS. THE FRENCH EXPRESSED CONCERN OVER SPECIFIC COST ELEMENTS, E.G. ENERGY, AND THE DIFFICULTY OF DIFFERENTIATING BETWEEN SUBSIDIES AND NATURAL ADVANTAGE (I.E. CHEAPER U.S. ENERGY COSTS). THE FRENCH EXPRESSED AN INCLINATION FOR AN AGREEMENT ON STEEL WITHIN THE OECD FRAMEWORK. WE POINTED OUT OUR CONCERN ABOUT PHASE II OF THE EC STEEL PLAN DUE PARTLY TO THE QUANTITATIVE ASPECTS.

-- "ORGANIZED FREE TRADE": CARON DE LA
CARRIERE STATED THAT IN THE PRESENT STATE OF THINGS, THE
PRINCIPLE OF FREE TRADE DID NOT SOLVE ALL PROBLEMS, AND
THAT THERE WERE CASES IN WHICH, E.G. STEEL AND SHIP-

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INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 AGRE-00 CEA-01
CIAE-00 DODE-00 FRB-03 H-01 INR-07 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
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OMB-01 DOE-11 AF-10 ARA-10 NEA-10 /154 W
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TO SECSTATE WASHDC 4760
USDOC WASHDC
INFO AMEMBASSY TOKYO
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C O R R E C T E D C O P Y (PARA 4 LINE 1)

BUILDING, TRADE NEEDS TO ORGANIZE TO REMAIN FREE. HE
NOTED THAT IN A SMALL NUMBER OF CASES, SECTORAL ORGANI-
ZATION WAS NECESSARY FOR SECURITY, POLITICAL AND
ECONOMIC REASONS TO AVOID UNACCEPTABLE LOCAL SITUATIONS.
MR. WEIL NOTED THE DANGERS OF CREATING A GENERAL THEORY
TO DEAL WITH A LIMITED NUMBER OF INDIVIDUAL CASES WHICH
COULD RESULT IN A DOMINO EFFECT AND A GENERAL SPREADING
OF PROTECTIONISM.

3. IN HIS MEETING WITH BERNARD BOCHET, CHIEF OF THE
ECONOMIC AND FINANCIAL AFFAIRS DIVISION OF THE MINISTRY
OF FOREIGN AFFAIRS (AND THE MOST SENIOR OFFICIAL IN
FROMENT-MEURICE'S ABSENCE), ESSENTIALLY THE SAME

SUBJECTS WERE DISCUSSED, WITH MR. WEIL AGAIN STRONGLY
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MAKING THE U.S. CASE ON EXPORT CREDITS.

ON THE U.S. - JAPANESE TALKS, BOCHET SAID FRANCE, IN
CONCERT WITH ITS EC PARTNERS, SHOULD FOLLOW THE U.S.
LEAD AND THAT THE PRESSURE ON THE JAPANESE MUST BE
SUSTAINED. HE FEARS THE JAPANESE MAY TAKE THE LINE
THAT, "WE'VE ALREADY GIVEN EVERYTHING WE CAN GIVE."

-- MTN: ON THE MTN, BOCHET MADE THE CASE FOR
FRANCE'S RETICENCE ON THE 40 PERCENT TARGET FIGURE
NOTING BARRE'S STATEMENT THAT THE 40 PERCENT FIGURE WAS
NOT JUSTIFIED BY CURRENT ECONOMIC CONDITIONS. HE SAID
THE PRESENT ECONOMIC SITUATION WAS PRECARIOUS WITH
QUESTIONS OF ENERGY, MONETARY STABILITY, RAW MATERIALS
AND LDC RELATIONS ALL UNCERTAIN. INTERESTING, HOWEVER,
HE HINTED THAT THE INTERNAL EC UNDERSTANDINGS POINTING
TO AN MTN OUTCOME OF LESS THAN 40 PERCENT REPRESENT ONLY
AN "APPRECIATION" OF THE SITUATION AND ARE NOT REALLY
BINDING.

-- "ORGANIZED FREE TRADE": ON THIS SUBJECT
BOCHET NOTED THAT THERE ARE BOTH PRESSURES FOR AND A
TRADITION OF PROTECTIONISM IN FRANCE AND THAT THE
CONCEPT WAS INTENDED TO COUNTER THESE PRESSURES NOT
ONLY OUTSIDE OF FRANCE, BUT WITH FRENCH INDUSTRY AS
WELL. HE SUGGESTED "ORDERLY GROWTH OF TRADE" AS A
BETTER FORMULATION.

4. MR. WEIL'S DISCUSSION WITH CLAUDE ENGERAND, DIRECTOR
GENERAL OF THE MINISTRY OF INDUSTRY, CENTERED ON THE
CONCEPT OF "ORGANIZED FREE TRADE" AND THE MEASURES THAT
MUST BE TAKEN TO CONVERT NON-COMPETITIVE INDUSTRIES.

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-- "ORGANIZED FREE TRADE": ENGERAND MADE
FOUR POINTS REGARDING ORGANIZED FREE TRADE, WHICH HE
STATED IS MADE NECESSARY BY THE CURRENT ECONOMIC
SITUATION AND WHICH REQUIRES CONCERTED ACTION: (1)
THE FREE TRADE MECHANISM SHOULD BE PERFECTED, I.E.
IMPROVE THE GATT; (2) THE BORDERS OF INDUSTRIAL
COUNTRIES SHOULD BE PRGRESSIVELY OPENED TO LDCE (HE
CITED THE MFA AS EXAMPLE OF SUCH OPENING, RATHER THAN

PROTECTIONISM); (3) INTERNATIONAL CONTROL OF MONOPOLIES SHOULD BE INSTITUTE, ESPECIALLY IN HIGH TECHNOLOGY INDUSTRIES, E.G. COMPUTERS, AUTOMOBILES AND MOTORCYCLES; (4) INTERNATIONAL COOPERATION NEEDED TO CONTROL OVER INVESTMENT BY INDIVIDUAL COUNTRIES IN KEY INDUSTRIAL SECTORS, E.G. STEEL, PETROLEUM REFINERIES. ENGERAND STATED THE ONLY WAY TO SOLVE THE EXISTING PROBLEMS WAS THROUGH FREE TRADE, BUT WITH NECESSARY MODIFICATIONS.

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R 241836Z JAN 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 4761
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-- CONVERSION OF INDUSTRY: ENGERAND DESCRIBED A THREE-PHASE PLAN FOR THE DIFFICULT PROBLEM OF CONVERTING OUT-MODED INDUSTRIES: (1) EARLY ANTICIPATED DETECTION OF CONVERSION PROBLEMS; (2) TECHNICAL ASSISTANCE TO FIRMS, MANY OF WHICH DO NOT KNOW HOW OR TO WHAT TO CONVERT; AND (3) GOVERNMENT FINANCIAL AID TO CONVERTING INDUSTRIES AND TRAINING PROGRAMS FOR WORKERS IN INDUSTRIES IN THE CONVERSION PROCESS. MR. WEIL NOTED THE IMPORTANCE OF THIS SUBJECT FOR BOTH THE UNITED STATES AND FRANCE AND SUGGESTED AN EXCHANGE

OF IDEAS ON THE SUBJECT AS BOTH COUNTRIES WERE STARTING
WITH LITTLE KNOWLEDGE OF EXPERIENCE IN THIS AREA.
ENGERAND RESPONDED POSITIVELY TO THIS SUGGESTION.

5. THE LUNCHEON OFFERED BY PATRONAT PRESIDENT, FRANCOIS
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CEYRAC (AND WHICH INCLUDED JACQUES FERRY, PRESIDENT OF
THE FRENCH STEEL INSTITUTE) PROVIDED AN ADDITIONAL
USEFUL OCCASION TO EXAMINE ECONOMIC PROBLEMS OF MUTUAL
CONCERN. AFTER A BRIEFING BY MR. WEIL ON THE U.S. -
JAPAN TALKS, DISCUSSION AGAIN CENTERED ON SECTORAL
DIFFICULTIES, PARTICULARLY STEEL, AND INEVITABLY
CONSIDERATION OF THE "ORGANIZED FREE TRADE" CONCEPT.
ON THIS ISSUE FERRY LED THE DISCUSSION AND REITERATED
THE POINTS MADE BY OTHER FRENCH OFFICIALS WITH WHOM
MR. WEIL HAD MET. FERRY INSISTED THAT U.S. AND FRENCH
DIFFERENCES WERE ESSENTIALLY TACTICAL, I.E. THERE WAS
LITTLE DISAGREEMENT ON THE RESULTS DESIRED BUT RATHER
ON THE MEANS TO ACCOMPLISH THEM. FERRY ALSO LAID GREAT
STRESS ON THE NEED FOR THE GOVERNMENT IN THIS CRUCIAL
PRE-ELECTION PERIOD TO DEMONSTRATE TO FRENCH BUSINESS-
MEN AND WORKERS THAT IT WAS RESPONDING TO THEIR NEEDS.

6. THIS MESSAGE WAS DRAFTED AFTER WEIL'S DEPARTURE.
GAMMON

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Message Attributes

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